1966

Uniform system of accounts for pipe line companies prescribed by the Interstate Commerce Commission in accordance with Section 20 of the Interstate Commerce Act, issue of 1965

United States. Interstate Commerce Commission

UNIFORM SYSTEM OF ACCOUNTS

FOR

PIPE LINE COMPANIES

PRESCRIBED BY THE
INTERSTATE COMMERCE COMMISSION
in accordance with Section 20 of the Interstate Commerce Act

ISSUE OF 1965

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SUBCHAPTER A—GENERAL RULES AND REGULATIONS

[No. 32485]

PART 20—PIPE LINE COMPANIES; UNIFORM SYSTEM OF ACCOUNTS

Order. At a session of the Interstate Commerce Commission, Division 2, held at its Office in Washington, D.C., on the 2d day of November A.D. 1965.

Having under consideration the matter of accounting regulations for pipeline companies pursuant to provisions of the Interstate Commerce Act, as amended; and,

It appearing, that by an order entered November 22, 1963, appearing at 28 F.R. 12749, a comprehensive revision of the Uniform System of Accounts for Pipeline Companies was prescribed, and it is now deemed necessary for proper reference that the regulations be published in printed form;

It is ordered, That the system of accounts prescribed by the order of November 22, 1963, set forth below and by this reference made a part hereof, be printed and published as the Uniform System of Accounts for Pipeline Companies, issue of 1965;

It is further ordered, That notice of this order be given to all common carriers by pipeline hereby affected and to the general public by depositing a copy in the Office of the Secretary at Washington, D.C., and by filing with the Director, Office of the Federal Register.

By the Commission, Division 2.

[SEAL] H. NEIL GARSON, *Secretary.*

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AUTHORITY: The provisions of this Part 20 issued under sec. 12, 24 Stat. 383, as amended; 49 U.S.C. 12. Interpret or apply sec. 20, 24 Stat. 386, as amended; 49 U.S.C. 20.

DEFINITIONS

Definitions of terms used in this system of accounts:

1. "Accounts" means the accounts prescribed in this system of accounts.

2. "Actually issued," as applied to securities issued or assumed by the carrier, means those which have been sold to bona fide purchasers or holders for a valuable consideration, those issued in exchange for other securities or other property, and those issued as dividends on stock; and the purchasers or holders secured them free from control by the carrier.

3. "Actually outstanding," as applied to securities issued or assumed by the carrier, means those which have been actually issued and are neither retired nor held by or for the carrier.

4. "Additions" means facilities, equipment, and structures added to existing property exclusive of replacements.

5. "Affiliated companies" means companies or persons that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting carrier.

6. "Amortization" means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

7. "Book cost" means the amount at which assets are recorded in the accounts without deduction of related provisions for depreciation, amortization, or for other purposes.

8. "Carrier" means a common carrier by pipeline subject to the Interstate Commerce Act.

9. "Commission" means the Interstate Commerce Commission.

10. "Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, associated companies, contract, or any other direct or indirect means. When there is doubt about an existence of control in any particular situation, the carrier shall report all pertinent facts to the Commission for determination.

11. "Cost" means amount of money actually paid for property or services or the current cash value of the consideration given when it is other than money.

12. "Cost of removal" means cost of demolishing, dismantling, tearing down, or otherwise removing property including costs of handling and transportation.

13. "Date of retirement" means the date that property is withdrawn from service.

14. "Debt expense" means all expense in connection with the issuance and sale of evidences of debt, such as fees for drafting mortgages and trusts; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds, certificates of indebtedness, and other evidences of debt; fees paid to trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing evidences of debt; fees and expenses of listing on exchanges; and other like costs.

15. "Depreciation" means the loss in service value not restored by current maintenance and incurred in connection with the consumption or prospective retirement of property in the course of service from causes against which the carrier is not protected by insurance, and the effect of which can be forecast with a reasonable approach to accuracy.

16. "Discount" as applied to securities issued or assumed by the carrier, means the excess of the par or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

17. "Group plan" means the plan under which depreciation charges are computed on the book cost of all property included in each depreciable account by application of a composite rate of depreciation based on the weighted average service lives of such property.

18. "Improvements" means alterations or changes in structural design of property which result in increased service life or efficiency.

19. "Minor items of property" means the associated parts or items of which units of property are composed.

20. "Net salvage value" means salvage value of property retired less the cost of removal.

21. "Nominally issued" as applied to securities issued or assumed by the carrier, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the accounting company.

22. "Nominally outstanding" as applied to securities issued or assumed by the carrier, means those which, after being actually issued, have been reacquired by or for the accounting company under such circumstances which require them to be considered as held alive and not retired and canceled.

23. "Premium" as applied to securities issued or assumed by the carrier, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

24. "Property retired" means units of property which have been removed, sold, abandoned, destroyed, or which for any cause have been withdrawn from service; also, minor items of property not replaced.

25. "Replacement" means the substitution of a part or of a complete unit of property with a new part or unit.

26. "Salvage value" means the amount received or estimated to be received for property retired less any expenses incurred in connection with the sale or preparing the property for sale; or, if retained, the value at which the recovered material is chargeable to the material and supplies account or other appropriate account.

27. "Service life" means the period between the date that property is placed in service and the date of its retirement.

28. "Service value" means the book cost less the actual or estimated net salvage value of property.

29. "Straight line method" as applied to depreciation and amortization accounting, means the plan under which the service value of property is charged to expense and credited to the related accrued depreciation or amortization account through equal monthly charges during the service life of the property.

GENERAL INSTRUCTIONS

1–1 *Classification of accounts.* Accounts are prescribed to record the cost of property used in transportation and related operations and for revenues, expenses, taxes, rents, and other items of income for such operations. Separate accounts are prescribed for cost of property not used in transportation operations and for income and expenses pertaining thereto; for other investments and related income; for extraordinary items includible directly in retained income; and for assets, liabilities, and stockholders' equity.

1–2 *Records.* Carriers shall keep their accounts and records in accordance with the prescribed accounts. In addition, clearing accounts, temporary accounts, and subdivisions of any account may be kept provided the integrity of the prescribed accounts is not impaired. Each carrier shall keep its books of account, and all other books, records and memoranda which support the entries in such books of account, so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit ready identification, analysis, and verification of all facts relevant thereto.

The books and records referred to herein included not only accounting records in a limited technical sense, but all records, such as minute books, stock books, reports, correspondence, memorandums, etc., which may be useful in developing the history of or facts regarding any transaction.

Carriers shall not destroy any books or records unless the destruction thereof is permitted by the regulations to govern the destruction of records of pipeline companies.

1–3 *Accounting period.* Each carrier shall keep its books on a monthly basis so that all transactions, as nearly as may be ascertained, shall be entered in the accounts not later than 60 days after the last day of the period for which the accounts are stated, except that the time within which the final entries for the year ending December 31 shall be made may be extended to such date in the following March as shall not interfere with the preparation and filing of the annual report.

Changes shall not be made in the accounts for periods covered by reports that have been filed with the Commission unless the changes have first been authorized by the Commission.

1–4 *Accounting method.* This system of accounts shall be kept by the accrual method of accounting. The basis used for accruing income and expense items each month shall be consistently applied and any change in such basis or any unusual accruals involving material amounts shall be promptly reported to the Commission.

When the amount of any transaction cannot be accurately determined in time for inclusion in the applicable month's accounts, an estimated amount shall be entered in the proper accounts. Appropriate adjustments shall be made as soon as the actual amounts become known or at the time a substantial change is indicated. Carriers are not required to anticipate minor items which do not appreciably affect the accounts.

1–5 *Prior years' adjustments.* Ordinary delayed items and adjustments arising during the current year which are applicable to prior years shall be included in the same account which would have been charged or credited if the item had been taken up or the adjustments made in the year to which it pertained. When the amount of a delayed item or adjustment is relatively so large that its inclusion in net income for a single month would seriously distort the accounts for the month (but not for the year), such amount may be distributed in equal monthly charges or credits, as the case may be, to the remaining months of the calendar year. See instruction 1–6 for instructions covering extraordinary items of a nonrecurring nature which are includible directly in retained income accounts.

1–6 *Extraordinary items*. All items of income and expense recognized during the year are includible in net income except nonrecurring items which are not clearly identified with or do not result from usual operations of the year and which in the aggregate for the same class would distort the accounts and impair the significance of net income for the year. Such items shall be recorded directly in the appropriate retained income accounts. Nonrecurring items, when material in the aggregate, which shall be excluded from net income, are those resulting from unusual sales of property and investment securities, company bonds reacquired, extraordinary adjustments of prior years, and other similar items.

1–7 *Items in texts of accounts*. Items appearing in instructions and in the texts of various accounts are merely representative and are not intended to cover all of the items includible therein.

1–8 *Depreciation accounting—carrier property*.—(a) *Method*. Monthly depreciation charges shall be made by the straight-line method to operating expenses in conformity with the group plan of accounting applicable to all carrier property, except property included in accounts 101, 151, 171, land, and 187, construction work in progress.

(b) *Rates*. Separate composite annual percentage rates will be prescribed for each depreciable account except that the Commission may authorize the use of component rates upon specific request from a carrier. Carriers becoming subject to this system of accounts and carriers acquiring property for which no rates have been previously prescribed shall file, within 6 months, composite annual percentage rates applicable to the book cost of each class of depreciable carrier property as will distribute the service value, by the straight-line method, in equal annual charges to operating expenses during the service life of the property. These rates shall be used by the carrier until the rates prescribed by the Commission become effective. Such rates shall, for each primary account comprised of more than one class of property, produce a depreciation charge equal to the sum of the amounts that would otherwise be chargeable for each of the various classes of property included in the account. Carriers shall base these percentage rates on estimated service values and service lives developed from engineering and other studies. The rates filed shall be accompanied by a statement showing the bases and the methods employed in the rate determination.

Carriers shall be prepared at any time upon the direction of the Commission to compute and submit revised percentage rate studies. When a carrier believes that any rate prescribed by the Commission is no longer applicable, it shall submit the rate which it believes should be established supported by full particulars for consideration by the Commission.

A carrier shall keep records of property and property retirements that will reflect the service life of property which has been retired, or will permit the determination of service life indications by mortality, turnover, or other appropriate methods; and also such records as will reflect the percentage of net salvage value for property retired from each class of depreciable carrier property.

(c) *Charges*. In computing monthly charges, the annual percentage rates shall be applied to the depreciation base as of the first day of each month and the result divided by 12.

(d) *Retirements*. Except as provided in paragraph (e) of this section, upon the retirement of depreciable property the service value shall be charged in its entirety to account 31, accrued depreciation—carrier property. Any amounts of insurance recovered from casualty losses involving depreciable property retired shall be credited thereto.

(e) *Special accounting authority*. When circumstances indicate that newly acquired property should be subject to amortization, or that the prescribed depreciation rates based on the service lives of certain property are no longer applicable, because the source of traffic will be exhausted before the end of the physical service life, the carrier shall submit to the Commission, for approval, amortization or depreciation rates based on the estimated remaining service life of the property accompanied by full information justifying the request.

When the charge to the depreciation reserve in connection with the retirement of depreciable property will result in undue depletion thereof, with the approval of the Commission the carrier may charge to account 720, extraordinary charges to retained income, such part of the service value of the retired property which it is authorized to charge thereto. When the amount of insurance recovered or the proceeds from a sale of carrier property, creditable to account 31, accrued depreciation—carrier property, would unduly inflate that account, the carrier may credit to account 710, extraordinary credits to retained income, such part of the insurance recovered or the receipts from a sale as may be specifically authorized by the Commission. The application to the Commission for such special accounting shall contain full particulars concerning the situation, and shall indicate the carrier's reasons for the accounting proposed.

1–9 *Depreciation accounting—noncarrier property.* Monthly depreciation charges for all depreciable property recorded in account 34, noncarrier property, shall be made to account 620, income from noncarrier property, with concurrent credits to account 35, accrued depreciation—noncarrier property. The depreciation charges shall be such as to distribute the service value equitably over the service life of the property.

1–10 *Amortization of intangibles.* Monthly charges shall be made to account 540, depreciation and amorization, to amortize the cost of fixed life intangibles such as permits, patents, and franchises which are directly related to pipeline operations. Monthly charges shall be made to account 660, miscellaneous income charges, to amortize the cost of intangibles such as goodwill which are not directly associated with pipeline operations. The amortization charges shall be such as to distribute the cost by the straight line method in equal annual charges over the life or expected period of benefit.

1–11 *Interpretation of rules.* To maintain uniformity of accounting, carriers shall submit questions of doubtful interpretation to the Commission for consideration and decision.

INSTRUCTIONS FOR BALANCE SHEET ACCOUNTS

2–1 *Current assets.* In the group of accounts designated as current assets shall be included cash and other assets or resources commonly identified as those which are reasonably expected to be realized in cash or sold or consumed within a 1-year period. There shall not be included any amount the collection of which is not reasonably assured by the known financial condition of the debtor or otherwise. Items of current character but of doubtful value shall be written down or written off to account 510, supplies and expenses, or to account 660, miscellaneous income charges, as appropriate.

2–2 *Investments and special funds.* This group of accounts shall include the cost of long-term investments in securities other than those of the accounting carrier, investment advances, sinking and other funds, cash value of life insurance policies, and other items of similar nature.

Investment in securities shall be recorded at cost at time of acquisition excluding amounts paid for accrued interest and dividends. When securities with a fixed maturity date are purchased at a discount or premium, such discount or premium shall be amortized over the remaining life of the securities by periodical debits or credits to the account in which the cost of the securities is recorded with corresponding credits or debits to interest income. If the amount of the discount or premium is minor, the investment may be maintained at actual cost, without adjustment, and the amount of discount or premium recorded in the interest income account at the time the securities mature.

The accounting carrier shall write down the value of any securities to the extent of impairment in their value or write off entirely if there is no reasonable prospect of realizing any value therefrom, but fluctuations in market value are not to be recorded. Adjustments in the values of securities shall not be delayed beyond the year in which a loss is claimed for income tax purposes. Account 23, reductions in security values, is provided for adjustments in values of securities.

2–3 *Tangible property.* The cost of property owned that is devoted to transportation service shall be recorded in account 30, carrier property, and in account 33, operating oil supply, this includes carrier's investment in jointly owned transportation property in which it has an undivided ownership interest. The cost of other property not directly associated with pipeline operations shall be included in account 34, noncarrier property. Property used in both carrier and noncarrier services shall be classified in account 30 or account 34 according to its dominant use.

2–4 *Other assets and deferred charges.* Account 40, organization costs and other intangibles, is prescribed for organization costs and other intangible assets, such as patents and franchises. These intangible assets shall be recorded at cost. Accounts are also prescribed for assets not otherwise provided for and for charges applicable to future periods.

2–5 *Current liabilities.* In this group of accounts shall be included obligations which are payable on demand or mature or become due within 1 year from the date of the balance sheet.

2–6 *Noncurrent liabilities.* Includible under this category of account are those obligations which are not due to be liquidated within 1 year from the date of the balance sheet. Estimates of future fire losses or other contingencies shall not be accounted for as current expenses or recorded as liabilities. Such contingencies may be provided for by appropriations of retained income, the losses to be recognized in income when sustained.

2–7 *Stockholders' equity.* These accounts are designed to show the stockholders' equity segregating contributed capital from the retained income of the carrier. The retained income is divided into two accounts, appropriated and unappropriated.

2–8 *Contingent assets and liabilities.* Contingent assets and liabilities shall not be shown in the balance sheet but shall be explained in detail in a footnote or in a supplementary statement. Contingent assets are those which may be a possible source of value to the carrier dependent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities are those which may under certain conditions become obligations of the carrier but which are neither direct nor assumed liabilities at the date of the balance sheet.

INSTRUCTIONS FOR CARRIER PROPERTY ACCOUNTS

3–1 *Property acquired.* The carrier property accounts shall be charged with the cost of property purchased or constructed and with the cost of additions and improvements.

The cost of purchased property is the net price paid on a cash basis, or if other than money is given, the current value of that consideration. Cost includes the purchase price; sales, use and excise taxes, and ad valorem taxes during periods of construction; transportation charges; insurance in transit; installation charges; and expenditures for testing and final preparation for use.

Property acquired from an affiliated company through purchase or transfer shall be recorded together with the related accrued depreciation and liabilities assumed, if any, in the appropriate property accounts at the same amount that it was recorded on the books of the affiliate. When the purchase price exceeds the net book value of the property acquired, the difference shall be charged to retained income. When the purchase price is less than the net book value, the difference shall be credited to account 73, additional paid-in capital. This does not apply to small miscellaneous purchases or transfers.

The purchase of a proportionate share of a pipeline system or facility owned in undivided interests shall be recorded at the amount that the percentage of interest acquired bears to the whole. Any excess or deficiency of purchase price over the amount so recorded shall be debited to account 44, other deferred charges, or credited to account 63, other noncurrent liabilities, and amortized in equal periodic amounts over the remaining service life of the system or facility through income or retained income, as appropriate.

3–2 *Minimum rule.* To avoid undue refinement in accounting, carriers shall charge to operating expenses acquisitions of property (other than land) including additions and improvements costing less than \$500. Expenditures made under a general plan shall not be parceled to meet the minimum nor shall unrelated items be combined to avoid the minimum.

An amount of less than \$500 may be adopted for purposes of this rule provided the carrier first notifies the Commission of the amount it proposes to adopt and thereafter makes no change in the amount unless authorized to do so by the Commission.

3–3 *Cost of property constructed.* The cost of constructing property chargeable to the carrier property accounts shall include direct and other costs as described hereunder:

(a) Cost of labor includes the amount paid for labor performed by the carrier's own employees and officers. This includes payroll taxes, vacation pay, pensions, holiday pay and traveling and other incidental expenses of employees. No charge shall be made to these accounts for pay and expenses of officers and employees who merely render services incidentally in connection with extensions, additions or replacements.

(b) Cost of material and supplies includes the purchase price (less purchase and trade discounts) of material and supplies, including small tools, at the point of free delivery; costs of inspection and loading borne by the carrier; transportation charges; sales, use and excise taxes; and when applicable a proportionate share of stores expenses. In calculating the cost of material and supplies used, proper allowance shall be made for the value of unused portions and other salvage, for the value of the material recovered from temporary scaffolding, cofferdams and other temporary structures used in construction; and for the value of small tools recovered and used for other purposes.

(c) Cost of special machine service includes the cost of labor expended and of materials and supplies consumed in maintaining the operating vehicles, equipment, and other machines used in construction work; and rents paid for the use of such machines.

When machines are purchased primarily for a construction project, their cost shall be charged to account 187, Construction Work in Progress. Upon completion of the construction project, account 187 shall be credited with amounts received for machines sold or the book cost (less a fair allowance for depreciation during the construction period) of machines retained for use in carrier service. The net book cost shall be included in the appropriate carrier property accounts.

The cost of repairs to vehicles and other work equipment and of machine tools and machinery which are used both in construction and maintenance work shall be apportioned equitably to the work in connection with which the equipment is used.

(d) Cost of transportation includes the amounts paid to other companies or individuals for the transportation of employees, material and supplies, special machine outfits, appliances, and tools in connection with construction and also the cost of hauling performed by the carrier's own forces and facilities. The cost of the transportation of construction material to the point where material is received by the carrier shall be included, so far as practicable, as a part of the cost of such material.

(e) Cost of contract work includes amounts paid for construction work performed under contract by other companies, firms, or individuals, and cost incident to the award of the contract.

(f) Cost of protection includes expenditures for protection in connection with construction. This includes the cost of protection against fires, cost of detecting and prosecuting incendiaries, amounts paid to municipal corporations and others for fire protection, cost of protecting property of others from damages, and analogous items.

(g) Cost of injuries and damages includes expenditures for injuries to persons or damage to property when incident to construction projects, and shall be included in the cost of the related construction work. It also includes that portion of premiums paid for insuring property prior to the completion or coming into service of the property insured. Insurance recovered for compensation paid for injuries to persons incident to construction shall be credited to the accounts to which such compensation is charged. Any insurance recovered for damages to property incident to construction shall be credited to the accounts chargeable with the expenditures necessary for restoring the damaged property. The cost of injuries and damages in connection with the removal of old structures which are encumbrances of newly acquired lands shall be included in the cost of land, or rights of way.

(h) Cost of privileges and permits includes compensation for temporary privileges, such as the use of private or public property or of streets, in connection with construction work.

(i) Taxes include taxes on property during construction and before the facilities are completed and ready for service. This includes taxes on land held under a definite plan for its use in pipeline service for the period prior to the completion of pipeline facilities thereon and other taxes separately assessed on property during construction, or assessed under conditions which permit separate identification or allocation of the amount chargeable to construction.

(j) Rent includes payments for use of facilities, such as motor vehicles, special tools or machines, and quarters used for construction work.

(k) Interest during construction includes interest expense on bonds, notes, and other interest bearing debt incurred in the construction of carrier property (less interest, if any, earned on funds temporarily invested) after such funds become available for use and before the receipt or the completion or coming into service of the property. The interest shall be included in the accounts charged with the cost of the property to which related.

There shall be deducted from such interest charges a proportion of premium on securities sold. There shall be added a proportion of discount and expense on funded debt issued for the acquisition or construction of carrier property. The amount of premium and discount and expense thus related shall be determined by the ratio which the period between the date the proceeds from the securities issued become available and the recepit, completion, or coming into service of the property bears to the entire life of the securities issued.

(l) Cost of disposing of excavated material shall be included in the cost of construction except that when such material is used for filling, the cost of loading, hauling, and dumping shall be equitably apportioned between the work for which removal is made and the work for which the material is used.

3–4 *Additions*. Cost of additions to existing property shall be included in the appropriate primary property accounts except as provided in the minimum rule.

3–5 *Improvements*. Costs of improvements, subject to the minimum rule, shall be accounted for as follows:

(a) The cost of items replaced shall be retired and the cost of the improvement shall be charged to the appropriate property account except that the related labor expense shall be charged to the maintenance expense account.

(b) If the improvement does not involve a replacement, the cost of the improvement shall be charged to the appropriate property account.

3–6 *Replacements*. Replacements are substitutions of a part or of a complete unit of property with a new part or unit. Costs of replacements shall be accounted for as follows:

(a) In replacing a complete unit of property, the old unit shall be retired and the cost of the replacement recorded in the appropriate primary property account, subject to the minimum rule.

(b) In replacing a minor item without improvement, the cost of such replacement shall be charged to the maintenance expense account.

3–7 *Retirements*. The retirement of carrier property shall be accounted for as follows:

(a) *Land*. The book cost of land retired shall be removed from the property accounts. Gain or loss on the sale of land shall be credited to account 640, miscellaneous income, or charged to account 660, miscellaneous income charges. Land that is no longer used in carrier operations shall be transferred at book cost to noncarrier property.

(b) *Property*. The book cost of units of property retired and of minor items of property retired and not replaced shall be written out of the property account as of date of retirement, and the service value shall be charged to account 31, accrued depreciation—carrier property.

In case of casualty loss, insurance proceeds recovered shall be credited to account 31, accrued depreciation—carrier property, in an amount not to exceed the book cost of the property involved. Any excess amount shall be credited to account 640, miscellaneous income.

Carrier property no longer used nor held for carrier operations but used or intended for use in noncarrier operations shall be transferred, along with the amount of past accrued depreciation, estimated if necessary, to noncarrier property.

3–8 *Salvage*. When retired property is salvaged for material or parts which are to be reused by the carrier, the salvage shall be priced at current second-hand value, not to exceed original cost, and charged to account 17, material and supplies, or other appropriate account.

When retired property is held without being dismantled, the estimated value of the salvage less the estimated cost of salvaging shall be included in account 19, other current assets, if to be recovered within a year, otherwise, in account 43, miscellaneous other assets.

3–9 *Relocation of line*. If a line is relocated in the same gathering field serving the same lease or purpose, all of the relocating expenses whether or not a unit of property is involved shall be charged to maintenance expense, provided that the same size pipe is used in such relocation. Resulting increases or decreases in the length of the line shall be accounted for as additions or retirements of property.

In accounting for relocation of trunklines involving units of property, the replaced property shall be retired and the cost of the new property included in the appropriate primary property accounts. When public improvement projects are involved, the cost of the new property shall be (a) the book cost less depreciation or amortization of the replaced property, less the net salvage value recovered, plus (b) costs incurred by the carrier, less any amounts contributed by governmental agencies or others.

3–10 *Property contributed.* The value of contributions or property received from others, including governmental agencies, shall not be recorded in the property accounts; however, memorandum entries should be made in the records of the carrier describing the property received, the value thereof, and all other pertinent information related thereto.

Property contributed by an affiliate shall be recorded in the property accounts together with the related accrued depreciation at the same amounts that were recorded on the books of the affiliate provided, however, that the amount of contribution made by noncarrier affiliates shall not exceed the fair value of the property received.

3–11 *Acquisition by merger, consolidation or purchase.* Accounting for property acquired by business combination of two or more corporations shall depend on whether there has been (a) a merger or consolidation in a "pooling of interests" or (b) a "purchase."

A "pooling of interests" may exist when holders of all or substantially all of the ownership interests, usually common stock, in the constituent corporations or entities become the owners of a surviving corporation or a new corporation which owns the assets and businesses of the constituent corporations or entities directly or through one or more subsidiaries. However, when the stockholders of one of the constituent corporations obtain 90 percent or more of the voting interest in the combined enterprise; or when there is a plan or firm intention and understanding to retire a substantial part of the capital stock issued to the owners of one or more of the constituent corporations or substantial changes in ownership which occurred shortly before or planned to occur shortly after the combination, the combination may be considered a "purchase."

(a) Accounting under a "pooling of interests." In accounting for a "pooling of interests," no new basis of accountability arises. The assets and liabilities of the constituent companies or entities and the related accrued depreciation and amortization accounts along with the retained income or deficit accounts shall be carried forward, adjusted, if necessary, to conform with the accounting rules of the Commission.

When the total par value or stated value of no-par capital stock of the succeeding corporation is greater than that of the constituent corporations, the excess shall be charged first to the amount in account 73, additional paid-in capital, that is not otherwise restricted, and the balance to account 75, unappropriated retained income.

When the par value or stated value of no-par capital stock of the succeeding corporation is less than that of the constituent corporations, the difference shall be credited to account 73, additional paid-in capital.

(b) *Accounting under a "purchase."* In accounting for a "purchase," the assets shall be recorded on the books of the acquiring carrier at cost as of the date of acquisition or, if other than money is given, at the fair value of such consideration. Liabilities assumed shall be recorded in the appropriate accounts according to the accounting rules of the Commission.

(c) *Approval of accounting.* Tentative journal entries recording the acquisition of pipeline properties shall be submitted to the Commission for consideration and approval. The entries shall give a complete description of the property purchased and the basis upon which the amounts of the entries have been determined.

When the costs of individual or groups of transportation property are not specified in the agreement or in supporting documents the total purchase price shall be equitably apportioned among the appropriate primary property accounts based on the percentage relationship between the purchase price and the original cost of property shown in the valuation records of the Commission or the fair market value of the properties supported by independent appraisal or such other information as the Commission may consider appropriate. In no event shall amounts recorded for physical properties and other assets acquired exceed the total purchase price.

Where the purchase price is in excess of amounts recorded for the net assets acquired, such excess shall be included in account 40, organization costs and other intangibles.

3–12 *Reorganization.* When a carrier is involved in receivership or bankruptcy so as to effect a reorganization, all accounting relating to the plan of reorganization shall be submitted to this Commission for consideration and approval.

3–13 *Disposition of former account 193, acquisition adjustment.* Amounts included in former account 193, acquisition adjustment, attributable to mergers, consolidations, reorganizations, and purchases of property shall be cleared from that account as the Commission may authorize or direct upon submission of proposal for distribution of the amounts therein.

3–14 *Accounting units of property.* This list of units is established for the purpose of designating the items of property, the cost of which shall be written out of the property accounts when the property is retired and replaced.

When property is retired and not replaced the cost thereof shall be written out of the accounts whether or not designated a unit of property.

A carrier desiring to include in any account an appropriate unit not now specified therein may, upon approval of the Commission, make such authorized addition to this list of units.

102, 152, Right of Way—
- A section of right of way.

103, 153, Line Pipe—
- 1,500 feet of pipe 6 inches in diameter or larger contained in a continuous section.
- 3,000 feet of pipe of less than 6 inches in diameter contained in a continuous section.

104, 154, Line Pipe Fittings—
- Fittings for pipe lines 6 inches or more in diameter contained in a continuous section of 1,500 feet of line pipe.
- Fittings for pipe lines less than 6 inches in diameter contained in a continuous section of 3,000 feet of line pipe.

105, 155, Pipeline Construction—
- The construction cost pertaining to a unit of line pipe.

106, 156, 176, Buildings—
- A complete building.
- An entire roof with or without supporting members.
- A complete fire escape.
- A complete heating system.
- An elevator complete with operating mechanism.

107, 157, Boilers—
- A complete boiler.

108, 158, Pumping Equipment—
- A complete engine with or without foundation.
- A complete pump with or without foundation.
- A power-transmission system.

109, 159, 179, Machine Tools and Machinery—
- A machine tool.
- A foundation special to a machine.
- A motor, generator, steam engine, pump, ventilating fan, or other similar equipment.
- A coal-handling system.
- An ash-handling system.
- A furnace.
- A boiler.

110, 160, Other Station Equipment—
- Each complete item of property, the book cost of which was charged to the carrier property account.

111, 161, Oil Tanks—
- A complete oil tank with or without grade and firewalls.
- A firewall.
- A tank grade.

112, 162, Delivery Facilities—
- A motor, generator, engine, pump, or similar equipment.
- A delivery-pipe system.
- A complete wharf.
- A section of wharf.
- A pile cluster or dolphin.
- A complete loading or unloading rack.
- A complete railroad siding.

113, 163, 183, Communication Systems—
- Telegraph and telephone terminal equipment.
  - A complete switchboard.
- Telegraph and telephone outside plant.
  - A continuous section of 1 mile of aerial wire.
  - A section of 1,000 feet of aerial cable.
  - A section of 500 feet of submarine cable.
  - A section of 500 feet of conduit.
  - A continuous section of 35 poles.
  - A case of equipment, such as loading coil or autotransformer.
- Radio and wireless equipment.
  - A transmitting set.
  - A receiving set.
  - An antenna, complete, or without supports.

114, 164, 184, Office Furniture and Equipment—
- Each complete item of furniture or equipment the book cost of which was charged to the carrier property account, such as:
  - A desk, chair, table, davenport, typewriter, computing machine; a section of bookcase, filing cabinet; rug, carpet, or other floor covering for one room.

115, 165, 185, Vehicles and Other Work Equipment—
- Each complete item of equipment the original cost of which was charged to the carrier property account, such as:
  - A passenger automobile or truck with or without body; a tractor; a pole derrick, power winch, earth-boring machine, or trailer.

116, 166, 186, Other Property—
- Each complete item of property the book cost of which was charged to the carrier property account.

INSTRUCTIONS FOR OPERATING REVENUE AND EXPENSES AND OTHER INCOME ACCOUNTS

4–1 *Detail of accounts.* The carrier shall keep the prescribed accounts with sufficient particularity to permit the reporting of operating revenues and expenses for crude oil lines and for product lines separately, and to permit the allocation of operating expenses by service functions (see 4–3, operating expenses).

4–2 *Operating revenues.* The operating revenue accounts are designed to show the amount of money which the carrier becomes entitled to receive or which accrues to its benefit for transportation and services incidental thereto.

4–3 *Operating expenses.* The operating expense accounts are designed to show the costs of pipeline operations by service functions. The expenses of pipeline operations are to be allocated to the following functions:

Gathering. This includes the gathering and collection of oil, oil products, and other commodities from oil field, refinery, or other source (other than carrier's own terminal and delivery facilities), and transmission to point of connection to meters, working or storage tanks, or intake side of the manifold at the truck line receiving site or station, or at a terminal.

Trunk. This includes the trunkline transportation of crude oil, oil products, and other commodities from origin or receiving station to point of connection with other carriers, consignee facilities at destination, or to the discharge side of the manifold or connection to working or storage tanks at the destination station.

Delivery. This includes the receiving, storage, and delivering at terminal and delivery facilities of crude oil, oil products and other commodities from or to railroads, motor carriers, water carriers, and others prior or subsequent to movement by pipeline.

4–4 *Expense classification.* The primary expense accounts are to be reported under the following classifications:

Operations expense. This group of accounts includes all costs directly associated with the operation of facilities devoted to pipeline operations including scheduling, dispatching, movement, and delivery of crude oil, oil products, and other commodities.

Maintenance expense. This group of accounts includes all costs directly associated with repairs and maintenance of property devoted to pipeline operations.

General expense. This group of accounts includes general and administrative expense and all other expenses not directly allocable to operations and maintenance expenses.

4–5 *Expense distribution.* The several classes of expenses shall be directly allocated to applicable service functions to the fullest possible extent. Expenses common to two or more functions and system expenses shall be equitably apportioned to the service functions. The basis for apportionment and the underlying records in support thereof shall be readily available for inspection by the Commission's examiners.

4–6 *Other income accounts.*—(a) *Income from noncarrier property.* Income and the related expenses pertaining to noncarrier property are includible in account 620, income (net) from noncarrier property.

(b) *Other income and deductions.* Accounts 630 to 670 inclusive are provided to include interest and dividend income, miscellaneous income and deductions, and interest expense.

(c) *Federal income taxes.* Separate accounts are prescribed to segregate Federal income taxes between carrier operating income and transactions entered directly into retained income.

4–7 *Retained income accounts.* This group of accounts is designed to show the changes in retained income during the year.

BALANCE SHEET ACCOUNTS

10 Cash.

This account shall include money, checks, sight drafts and sight bills of exchange, money in banks or in other depositories subject to withdrawal on demand, and other similar items. The amount of checks and sight drafts transmitted to payees which are unpaid at the close of the accounting period shall be credited to this account.

11 Temporary investments.

This account shall include the cost of securities and other collectible obligations acquired for the purpose of temporarily investing cash, such as U.S. Treasury certificates, marketable securities, time drafts receivable, demand loans, time loans, time deposits with banks and trust companies, and other similar investments of a temporary character.

12 Notes receivable.

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable, contracts receivable, and similar evidences (except interest coupons) of money receivable on demand or within a time not exceeding one year from date of the balance sheet. Notes receivable from affiliates shall be included in account 13, receivables from affiliated companies.

13 Receivables from affiliated companies.

This account shall include amounts receivable due and accrued from affiliated companies subject to settlement within one year from date of the balance sheet. This includes receivables for items such as revenue for services rendered, material furnished, rent, interest and dividends, advances, and notes.

14 Accounts receivable.

This account shall include amounts receivable due and accrued from other than affiliates which are subject to settlement within 1 year from date of the balance sheet. This includes items such as revenue for services rendered, material furnished, rent, accounts of officers and employees, miscellaneous accounts with others.

15 Interest and dividends receivable.

This account shall include the amount of interest due and accrued as of the date of the balance sheet on all interest-bearing obligations held by the carrier. This account shall also include the amount of dividends declared on stocks owned.

Interest and dividends receivable from affiliated companies or on the carrier's own securities shall not be included in this account.

16 Oil inventory.

This account shall include the cost of oil purchased and the value of oil acquired through tariff allowances and operating gains. Amounts paid preceding carriers for transportation; customs duties; or similar charges on allowance oil shall be charged to account 230, allowance oil revenue. Additions to inventory from tariff allowances shall be credited to revenue at current value. Additions resulting from operating gains shall be credited against operating oil losses and shortages.

The cost or value of oil owned by the carrier and used to maintain lines and working tanks in condition for transportation operations shall be included in account 33, operating oil supply.

17 Material and supplies.

This account shall include the cost, including sales, use and excise taxes and transportation costs to point of delivery, less purchase and trade discounts, of all unapplied material and supplies, such as line pipe, line pipe fittings, fuel, tools, and other pipeline supplies. The value of items being manufactured by the carrier and the fair value of salvaged material shall also be included herein.

Carriers shall take annual inventories of material and supplies and shall make the adjustments necessary to reconcile the books to the inventory figures. To the extent practicable, adjustments shall be made directly to the same accounts to which such material and supplies were charged during the period. Differences that cannot be directly allocated shall be equitably apportioned among the accounts to which material was charged since the last inventory.

18 Prepayments.

This account shall include the amount of expenses paid in advance of accrual such as insurance, rent, and taxes, the benefits of which are to be realized in subsequent periods. Monthly transfers shall be made to the appropriate expense or other accounts for the expired portion of the prepayments applicable to that month.

19 Other current assets.

This account shall include such items as estimated tax refunds receivable, legally enforceable, balances due on subscriptions to capital stock, temporary guaranty and other deposits, and all other current assets due within one year which are not includible in the other current asset accounts.

20 Investments in affiliated companies.

This account shall include the cost of investments in securities of (other than securities held in special funds) and investment advances made to affiliated companies. Separate records shall be maintained to show the securities pledged and the following classes of investments in each affiliated company:

(a) Stocks.
(b) Bonds.
(c) Other secured obligations.
(d) Unsecured notes.
(e) Investment advances.

21 Other investments.

This account shall include the cost of investments in securities of (other than securities held in special funds) and advances made to other than affiliated companies. Separate records shall be maintained to show the securities pledged and the following classes of investments in each nonaffiliated company:

(a) Stocks.
(b) Bonds.
(c) Other secured obligations.
(d) Unsecured notes.
(e) Investment advances.

22 Sinking and other funds.

This account shall include cash and

cost of investment in securities and other assets, trusteed or otherwise restricted, that have been segregated in distinct funds for purposes of redeeming outstanding obligations; purchasing or replacing assets; paying pensions, relief, hospitalization, and other similar items. This account shall also include the cash value of life insurance policies on the lives of employees and officers to the extent that the carrier is the beneficiary of such policies. Separate subsidiary records shall be maintained for each distinct fund.

Securities issued or assumed by the accounting company shall be recorded at par or stated value.

23 Reductions in security values—credit.

This account shall include provisions for losses in value of securities held as investments in affiliated or other companies, and including securities in funds. Such losses shall be concurrently charged to income, or retained income, as appropriate.

30 Carrier property.

This account shall include the cost of tangible property used in carrier service, or held for such use within a reasonable time under a definite plan for pipeline operations. Separate primary accounts are prescribed for each class or carrier property.

31 Accrued depreciation—carrier property.

This account shall be credited with amounts charged to operating expenses or other accounts representing the loss in service value of depreciable carrier property. The service value of depreciable property retired shall be charged to this account. It shall also include other entries as may be authorized by the Commission. Detail of this account shall be maintained by primary property accounts.

32 Accrued amortization—carrier property.

This account shall be credited with amounts charged to operating expenses or other accounts representing the loss in service value of carrier property subject to amortization accounting as authorized by the Commission. Upon the retirement of property subject to amortization this account shall be charged with the amount included herein applicable to the specific property at the time the property is retired. Subsidiary records shall be maintained for each group of property items under a separate amortization authorization.

33 Operating oil supply.

This account shall include the cost of oil purchased and the value of oil added through tariff allowances and operating gains which is used to maintain lines and tanks in working condition. Additions to operating supply from tariff allowances shall be credited to revenue at current value. Additions resulting from operating gains shall be credited against operating oil losses and shortages.

34 Noncarrier property.

This account shall include the cost of tangible property not used in carrier pipeline operations.

35 Accrued depreciation—noncarrier property.

This account shall be credited with amounts charged to income, representing the loss in service value of depreciable noncarrier property.

40 Organization costs and other intangibles.

This account shall include the cost of intangible assets such as organizing the carrier, patents, permits, franchises, and goodwill. Organization costs include the legal expense, taxes, fees, stationery and printing, original capital stock expense and costs of economic feasibility studies made prior to initial operation of the carrier. Separate subsidiary records shall be maintained for each class of intangible asset.

41 Accrued amortization of intangibles.

This account shall be credited with the amounts charged to operating expenses or income representing the expired cost of intangible property. When the period of benefit of intangible property is fully expired, or assets are retired to which the intangible relates, this account shall be charged with the amount herein applicable to the specific property.

42 Unamortized discount and interest on long-term debt.

This account shall include the amount of discount on long-term debt, and the amount of interest expressly provided for and included in the face amount of obligations issued or assumed and not amortized as of the date of the balance sheet. The amount of discount or interest applicable to each issue of debt obligation shall be amortized over the life of the respective debt by charge to interest expense.

43 Miscellaneous other assets.

This account shall include such items as accounts receivable, utility deposits, guaranty deposits and other similar assets which are not expected to be realized or returned to the carrier within 1 year from date of the balance sheet. The estimated net salvage value of retired carrier property held without being dismantled shall be included in this account.

44 Other deferred charges.

This account shall include items that cannot be disposed of until further information is received and items of a deferred nature, not provided for elsewhere, to be amortized to expense or other accounts in future periods. This includes such items as engineering surveys and studies and debt expense.

50 Notes payable.

This account shall include outstanding obligations in the form of notes, and other similar evidences of indebtedness payable on demand or within 1 year from the date of issue except those payable to affiliated companies.

51 Payables to affiliated companies.

This account shall include amounts payable due and accrued to affiliated companies (except interest and dividends) subject to settlement within 1 year from date of the balance sheet. This includes payables for items such as services and material received, rent, advances and notes.

52 Accounts payable.

This account shall include amounts payable due and accrued (except those to affiliated companies) subject to settlement within 1 year from the date of the balance sheet. This includes payables for items such as joint revenue, material and supplies, services received, rents, claims, taxes collected from employees and others for account of taxing entities, and other similar items.

53 Salaries and wages payable.

This account shall include salaries and wages payable due and accrued including vacation pay and unclaimed salaries and wages as of the balance sheet date. Unclaimed salaries and wages outstanding for more than 1 year may be written off to income unless the amount unclaimed escheats to the state.

54 Interest payable.

This account shall include interest accrued or payable on all obligations.

55 Dividends payable.

This account shall include the amount of dividends (other than stock dividends) declared but unpaid as of the date of the balance sheet.

56 Taxes payable.

This account shall include all Federal, State, and local taxes (except taxes withheld from employees) accrued and payable, estimated if necessary, as of the balance sheet date. Prepaid taxes shall be shown as current assets in account 18, prepayments. Subsidiary records shall be maintained to allow analyses of this account by matured and unmatured taxes and by type of tax and taxing entity.

57 Long-term debt payable within one year.

This account shall include the amount of long-term debt which will mature and become payable within 1 year from date of balance sheet for which arrangements for refunding have not been made

58 Other current liabilities.

This account shall include all other current liabilities not provided for elsewhere that are payable within 1 year from date of balance sheet.

60 Long-term debt payable after one year.

This account shall include the total par value of the carrier's outstanding obligations maturing more than 1 year from the date of the balance sheet. This account shall be divided to show the face value of (a) debt issued and actually outstanding, and (b) debt "nominally issued" and "nominally outstanding." These accounts shall be further divided by the following classes of debt: mortgage bond, collateral trusts, income bonds, miscellaneous obligations, and nonnegotiable debt to affiliated companies.

61 Unamortized premium on long-term debt.

This account shall include the premium received and not yet amortized on the issuance of long-term debt. The amount of premium received on each issue of bonds, mortgages, notes, and other long-term debt shall be amortized over the life of the debt by credit to interest expense.

63 Other noncurrent liabilities.

This account shall include such items as deferred revenue from rents or leases that will not be realizable as income within 1 year, and the liability for amounts contributed by employees or others for pensions, savings, and similar items. This account shall also include the amount accrued for pensions in which the employees have a vested right and which are administered by the carrier.

70 Capital stock.

This account shall include the par value of par value stock, stated value of no-par stock, and the amount received for no-par stock without stated value, which have been issued to bona fide purchasers and have not been reacquired and canceled, also shares of stock nominally issued, and reacquired shares which have not been canceled. When other than cash is received for no-par value stock, the fair market value of the consideration shall be entered in this account.

This account shall be divided so as to show separately each class of stock issued, subdivided between (a) issued and actually outstanding, and (b) nominally issued and nominally outstanding.

Shares of capital stock that were actually issued and reacquired by the carrier by market purchase, call, contribution, or in some other manner and retained without formal cancellation shall be included in this account at par or stated value or at a proportionate value for no-par stock. The difference between the amount paid for reacquired stock and the amount recorded in this account including any premiums applicable to its original issue shall be included in account 73, additional paid-in capital; provided that the excess of a debit amount over the balance in account 73 with respect to the particular class of stock shall be charged to account 720, extraordinary charges to retained income.

When reacquired stock is resold, the difference between the net sales price and the amount included herein shall be included in account 73, additional paid-in capital; provided that the excess of a debit amount over the balance in account 73, with respect to the particular class of stock shall be charged to account 720, extraordinary charges to retained income.

When reacquired capital stock is retired, this account shall be cleared of amounts included in subdivisions herein.

71 Premiums on capital stock.

This account shall include the excess of the actual cash value of the consideration received at the time of the original sale over the par or stated value of the stock issued.

72 Capital stock subscriptions.

This account shall include the full amount of the par value, stated value, or price agreed upon for no-par stock which has been subscribed under a legally binding purchase agreement. The difference between the par value or stated value, plus any premiums or the amount agreed upon for no-par stock, and the down payment or installments received, shall be recorded as a current asset in account 19, other current assets. Appropriate subaccounts shall be kept to record separately the transactions for each class and series of stock involved.

73 Additional paid-in capital.

This account shall include gains from purchase and resale of reacquired stock. Credits attributable to reductions in the par or stated value of capital stock may be included in this account only when approved by the Commission. Separate subaccounts shall be maintained for each class and series of stock. Also include herein contributions to capital made by stockholders and others.

74 Appropriated retained income.

This account shall include retained income which has been appropriated and set aside under contractual or legal requirements and for other specific purposes, such as the retirement of bonded indebtedness, contingencies, redemption of preferred capital stock; fire losses; plant replacement and additions; miscellaneous employee benefits; and similar items. Appropriations shall be released when their respective purposes have been served. Separate subaccounts shall be maintained for each specific purpose for which retained income is appropriated.

75 Unappropriated retained income.

This account shall include retained income which has not been appropriated or set aside for specific purposes. There shall be no transfers to or from account 73, additional paid-in capital, to this account, unless so authorized by the Commission.

The balance of accounts 700 to 750, inclusive, shall be closed to this account at the end of each calendar year.

CARRIER PROPERTY ACCOUNTS

The following table lists the prescribed primary property accounts and indicates those accounts which contain similar items of property for which a single text is provided. The accounts are to be kept separately for crude oil lines and for product lines.

Account Nos.			Account title
Gathering lines	Trunk lines	General	
101	151	171	Land.
102	152	----------	Right of way.
103	153	----------	Line pipe.
104	154	----------	Line pipe fittings.
105	155	----------	Pipeline construction.
106	156	176	Buildings.
107	157	----------	Boilers.
108	158	----------	Pumping equipment.
109	159	179	Machine tools and machinery.
110	160	----------	Other station equipment.
111	161	----------	Oil tanks.
112	162	----------	Delivery facilities.
113	163	183	Communication systems
114	164	184	Office furniture and equipment.
115	165	185	Vehicles and other work equipment.
116	166	186	Other property.
----------	--------	187	Construction work in progress.

101, 151, 171 Land.

This account shall include the cost of land held in fee and used in pipeline operations. Land not used in carrier service shall be recorded in account 34, noncarrier property. Irregular parcels of land without commercial value acquired with rights-of-way shall not be transferred to account 34 solely to make right-of-way boundaries regular.

The cost of land and buildings acquired together shall be equitably separated and recorded. When land is acquired with buildings, structures, or other encumbrances that must be removed before the land is usable, demolition cost, less salvage, shall be added to the book cost of the land. Net proceeds from the sale of timber, minerals and improvements which were part of the land cost when purchased by the carrier, shall be credited to this account up to the amount of the purchase price allocated as their cost. Any excess shall be credited to account 640, miscellaneous income.

Costs of filling, clearing, grading or leveling land, when such work is not directly associated with construction or a definite plan for construction, shall be charged to this account.

All direct or incidental costs associated with the acquisition of the land and any taxes and public assessments assumed at the time of purchase, shall be included in this account.

Special assessments for public improvements and also costs borne by the carrier for public improvements constructed by it shall be included in this account.

102, 152 Right-of-way.

This account shall include the cost of obtaining rights-of-way used in pipeline operations. Periodic rents paid for the use of a right-of-way shall be charged to operating rents. Costs of filling, clearing, grading or leveling of a right-of-way when such work is not directly associated with construction or a definite plan for construction, shall be charged to this account.

103, 153 Line pipe.

This account shall include the cost of all line pipe actually laid in pipelines devoted to transportation service.

104, 154 Line pipe fittings.

This account shall include the cost of the line pipe fittings, including manifolds, used in pipelines devoted to transportation service.

105, 155 Pipeline construction.

This account shall include all the costs of constructing pipelines except the cost of line pipe and fittings provided for in accounts 103, 153, line pipe and 104, 154, line pipe fittings.

Includible shall be the cost of labor and materials such as casing and vent pipe, pipe coatings of all kinds, river weights, support structures, sand bags, valve boxes, cathodic protection devices, mile posts, right-of-way markers, excavating and backfilling, pipeline pits, and the cost of damages paid for the destruction of crops, timber, and other property during construction. The cost of reopening the trenches for repairs, or installation of casing, coating or cathodic protection, and the necessary backfilling shall be charged to maintenance expense.

106, 156, 176 Buildings.

This account shall include the cost of all buildings including the foundations, fixtures, and appurtenances thereto. This includes such items as architects' fees, sidewalks, driveways, fences, permanent water rights, grading and preparing grounds before and after construction, utility lines and other service piping. Cost of restoring grounds after repair work shall be charged to maintenance expense.

107, 157 Boilers.

This account shall include the cost of boilers, including accessories and attachments such as injectors, water gages, steam gages and fittings, and the cost of special boiler foundations and installations.

108, 158 Pumping equipment.

This account shall include the cost of engines, motors, pumps, and all other pumping equipment, and the cost of special foundations and installation.

109, 159, 179 Machine tools and machinery.

This account shall include the cost of machine tools and machinery, including the cost of their special foundations and installation.

110, 160 Other station equipment.

This account shall include the cost of all station equipment not provided for elsewhere, such as electric light, gas, and refrigeration equipment, manifolds, and miscellaneous equipment and fittings. It shall also include the carrier's investment in tracks if located at and used in connection with a station.

111, 161 Oil tanks.

This account shall include the cost of oil tanks, including grades, roofs, fire banks, steam coils, swing pipes, inlet valves, and outlet valves.

112, 162 Delivery facilities.

This account shall include the cost of facilities for receiving or delivering oil and oil products from or to water carriers, railroads, motor carriers, and others, such as delivery racks, wharves (including buildings thereon), docks, and slips, including piling, pile protection, cribs, cofferdams, walls, and other necessary devices and apparatus for the operation or protection of such property. It shall also include the cost of engines, pumps, and boilers at loading racks and on wharves, the construction of oil pipelines between oil tanks and delivery facilities, and the carrier's investment in tracks if located at and used in connection with delivery facilities.

113, 163, 183 Communication systems.

This account shall include the cost of telegraph, wireless, telephone, and radio equipment.

114, 164, 184 Office furniture and equipment.

This account shall include the cost of all office furniture, equipment and fixtures, including such items as safes, desks, chairs, typewriters, accounting machines, cabinets, file cabinets, floor covering, portable air conditioners, drinking fountains, and other similar items that are not an integral part of a building.

115, 165, 185 Vehicles and other work equipment.

This account shall include the cost of motor and other vehicles, motor and other portable work equipment, garage equipment, and portable tools and machines such as drills, hoists, jacks, power mowers, stocks and dies, laying tongs, vises, air compressors, welding machines, valve reseating machines, pipe-cleaning machines, and concrete mixers, not specifically provided for in other accounts.

116, 166, 186 Other property.

This account shall include the cost of property used in pipeline operations not provided for elsewhere.

187 Construction work in progress.

This account shall include the cost of carrier property under construction and the cost of land acquired for such construction as of the date of the balance sheet. It includes interest and taxes during construction, material and supplies delivered to the construction site, and other expenditures that will eventually be part of the cost of the completed property. When construction work is completed, the cost included in this account shall be transferred to the appropriate primary property accounts. Subsidiary records shall be maintained for each construction project. When part of a project under construction is completed and put into service, the costs applicable to that portion shall be transferred to the appropriate property account.

OPERATING REVENUES

200 Gathering revenues.

This account shall include revenues on the basis of tariff charges for the gathering or collection of crude oil, oil products, and other commodities.

210 Trunk revenues.

This account shall include revenues on the basis of tariff charges for trunkline transportation of crude oil, oil products, or other commodities.

220 Delivery revenues.

This account shall include revenues on the basis of tariff charges for receiving, delivering, unloading, and loading fees at carrier terminal and delivery facilities.

230 Allowance oil revenue.

This account shall include the current value of oil acquired through tariff allowances taken into inventory or retained in the line for operating oil supply, and the selling price of such oil sold not previously recorded in inventory or operating oil supply.

Profits and losses on sales of allowance oil from inventory or operating supply shall be included in this account.

240 Storage and demurrage revenue.

This account shall include revenues on the basis of tariff charges for the storage of oil; also demurrage charges incident to failure of consignees to receive shipments promptly.

250 Rental revenue.

This account shall include the revenues from renting or subrenting property, the cost of which is included in the accounts for investment in carrier property.

260 Incidental revenue.

This account shall include revenues incidental to carrier operations and not includible in other revenue accounts.

OPERATING EXPENSES

Operations

300 Salaries and wages.

This account shall include the salaries and wages (including pay for holidays, vacations, sick leave, and similar payroll disbursements) of supervisory and other personnel directly engaged in transportation operations.

310 Supplies and expenses.

This account shall include the cost of supplies consumed and expended in operations, including the expenses of aircraft and vehicle operation; travel and other expenses of operating employees; and other related expenses of operations.

320 Outside services.

This account shall include the cost of operating services provided by other than company forces under contract, agreement or other arrangement. The cost of services performed by affiliated companies shall be segregated within the account.

330 Operating fuel and power.

This account shall include the cost of fuel and power consumed and expended in operations. The cost of normal utilities services shall be included herein when such costs are directly allocable to operations.

340 Oil losses and shortages.

This account shall include the cost of settlements with shippers for oil lost or undelivered due to operating causes during the course of transportation.

The value of oil gains from operations shall be credited to this account at current value at time of determination of gain and charged to oil inventory or operating supply.

Maintenance

400 Salaries and wages.

This account shall include the salaries and wages (including pay for holidays, vacations, sick leave, and similar payroll disbursements) of supervisory and other personnel directly engaged in the maintenance and repair of transportation property.

410 Supplies and expenses.

This account shall include the cost of supplies consumed and expended in support of the maintenance activity, including the expenses of operating aircraft, vehicles, and work equipment; travel and other expenses of maintenance employees; and other related maintenance expense.

420 Outside services.

This account shall include the cost of maintenance services provided by other than company forces under contract, agreement or other arrangement. The cost of services performed by affiliated companies shall be segregated within the account.

430 Maintenance materials.

This account shall include the cost of materials applied in the repair and maintenance of transportation property. The salvage value of materials recovered in maintenance work shall be credited to this account.

General

500 Salaries and wages.

This account shall include the salaries and wages (including pay for holidays, vacations, sick leave, and similar payroll disbursements) of executives and general officers, general office personnel, and of other employees whose wages cannot be directly allocated to operations or maintenance.

510 Supplies and expenses.

This account shall include the cost of supplies consumed and expended for administration and general services, including the expenses of aircraft and vehicles used for general purposes; travel and other expenses of general employees and officers; utilities services; and all other incidental general expenses.

520 Outside services.

This account shall include the cost of management and general and administrative services provided by other than company forces under contract, agreement or other arrangement. The cost of services performed by affiliated companies shall be segregated within the account.

530 Rentals.

This account shall include the cost of renting property used in carrier transportation service, such as a complete pipeline or segment thereof, office space, land and buildings, and other equipment and facilities.

540 Depreciation and amortization.

This account shall include charges for the depreciation and amortization of transportation property. Charges for the amortization of fixed term intangibles relating to common carrier operations shall also be included herein.

550 Pensions and benefits.

This account shall include the cost to the carrier of annuities and pensions for active or retired employees, their beneficiaries or designees. Contributions to health or welfare funds or payments for similar benefits to or on behalf of employees shall be included herein. Premiums, to the extent borne by the carrier, for group life, health, accident, and other beneficial insurance for employees shall also be included in this account.

560 Insurance.

This account shall include the cost of commercial insurance to protect the carrier against losses and damages in its pipeline operations such as injuries to or deaths of employees and other persons, damages to or destruction of carrier property or the property of others, and other business risks and hazards pertaining to transportation operations.

NOTE: Insurance or other reimbursement for loss or damage shall be credited to the same account charged with the loss or expense.

570 Casualty and other losses.

This account shall include the amount of expense sustained by the carrier on account of loss or damage to oil or other commodity entrusted to it for transportation or storage resulting from fire, flood, or other casualty.

Expenses on account of damage and destruction to property of others from all causes; and the expense of repairing damages to transportation property caused by casualty shall also be included herein.

This account shall also include expenses incurred on account of injury to or death of employees or other persons including related medical, hospital, and funeral expenses.

NOTE: The cost of oil lost or undelivered through operating causes shall be charged to account 340, oil losses and shortages.

580 Pipeline taxes.

This account shall include accruals for taxes of all kinds, excepting Federal income taxes, relating to carrier property, operations, privileges, and licenses.

The detail of this account shall show separately the amounts levied by the Federal Government and by each State.

INCOME ACCOUNTS

Credit

600 Operating revenues.

This account shall include the total revenues included in the operating revenue accounts for the calendar year.

620 Income (net) from noncarrier property.

This account shall include all noncarrier revenues and expenses from property carried in account 34, noncarrier property.

All expenses related to noncarrier property, such as operation and maintenance expenses, depreciation, taxes (except Federal income taxes) and similar expenses, are includible herein.

630 Interest and dividend income.

This account shall include interest accruing to the carrier on securities of others, loans, notes and advances, deposits, and all other interest bearing assets. Also include the amount of amortized premium or discount related to such assets.

This account shall also include the

amount of dividends declared on stocks of others owned by the carrier.

Income shall not be included in this account unless receipt thereof is reasonably assured.

640 Miscellaneous income.

This account shall include income not provided for elsewhere creditable to income accounts for the current year, such as unclaimed wages written off, profit on sales of land and noncarrier property, profit on sales on investment securities and profit from company bonds reacquired.

Debit

610 Operating expenses.

This account shall include the total expenses included in the operating expense accounts for the calendar year.

650 Interest expense.

This account shall include interest expense on all classes of debt except interest pertaining to construction of property. This account shall also include the amortization of long-term debt premium and discount. Charges for interest on carrier debt obligations previously issued and now held by or for the carrier shall not be recorded in this account.

660 Miscellaneous income charges.

This account shall include income charges not provided for elsewhere chargeable to income accounts for the current year, such as amortization of debt expense, losses on sale or disposition of land and noncarrier property, losses on sales or reductions in value of investment securities, bad debts, losses on company bonds reacquired, taxes (other than Federal income taxes) on investment securities, trust management expenses, amortization of intangibles which are not restricted to a fixed term, and the difference between the premium and the added cash surrender value of life insurance on officers and employees when the carrier is beneficiary.

670 Federal income taxes.

This account shall include the Federal income tax consequences pertaining to all items included in the income statement. Federal income taxes paid in prior years which are refundable as a result of carrying-back operating losses shall be credited to this account in the year in which the loss occurs. Reductions in taxes due to operating losses carried forward shall be credited to this account in the year that such losses are applied to reduce taxes.

Federal income tax consequences pertaining to transactions entered directly in account 710, extraordinary credits to retained income, and in account 720, extraordinary charges to retained income, shall be included in account 730, Federal income taxes assigned to retained income.

RETAINED INCOME ACCOUNTS

700 Net balance transferred from income.

This account shall include net income (or deficit) for the calendar year.

710 Extraordinary credits to retained income.

This account shall include credits from transactions which are not clearly identifiable with or do not result from usual or ordinary business activities for the year when such credits in the aggregate are material in relation to net income for the year. Extraordinary items includible herein shall be material credits, such as unusual gains on sales of land and noncarrier property, unusual adjustments of income taxes of prior years, profits from reacquisition of company bonds and profit from sales of investment securities.

720 Extraordinary charges to retained income.

This account shall include charges from transactions which are not clearly identifiable with or do not result from usual or ordinary business activities for the year when such charges in the aggregate are material in relation to net income for the year. This includes such items as unusual adjustments of income taxes of prior years, material losses on sales of land and non-carrier property, unusual nonrecurring losses resulting from wars, riots, earthquakes and similar catastrophes, losses from sales of investment securities, write off of material amounts of intangibles and losses from reacquisition of company bonds. Also include in this account adjustments resulting from transactions in the carrier's own stock and adjustments complimentary to reorganization.

730 Federal income taxes assigned to retained income.

This account shall include the Federal income tax consequences, debit or credit, assignable to the aggregate of transactions classified as unusual and extraordinary that are recorded in retained income accounts.

740 Appropriations of retained income.

This account shall include appropriations made from retained income during the calendar year. Appropriations charged to this account shall be credited to account 74, appropriated retained income.

750 Dividend appropriations of retained income.

This account shall include the amount of dividends declared during the calendar year on all classes of outstanding capital stock. Stock reacquired and owned by the carrier shall not be subject to dividends. Subsidiary records shall be kept to show separately the dividends declared on each type and class of capital stock. When dividends are paid in other than money, complete detail of each transaction shall be maintained.

Form of Balance Sheet Statement

ASSETS

Current Assets

10 Cash.
11 Temporary investments.
12 Notes receivable.
13 Receivables from affiliated companies.
14 Accounts receivable.
15 Interest and dividends receivable.
16 Oil inventory.
17 Material and supplies.
18 Prepayments.
19 Other current assets.
Total current assets.

Investments and Special Funds

20 Investments in affiliated companies.
21 Other investments.
22 Sinking and other funds.
23 Reductions in security values—credit.
Total investments and special funds.

Tangible Property

30 Carrier property.
31 Accrued depreciation—carrier property.
32 Accrued amortization—carrier property.
33 Operating oil supply.
34 Noncarrier property.
35 Accrued depreciation—noncarrier property.
Total tangible property.

Other Assets and Deferred Charges

40 Organization costs and other intangibles.
41 Accrued amortization of intangibles.
42 Unamortized discount and interest on long-term debt.
43 Miscellaneous other assets.
44 Other deferred charges.
Total other assets and deferred charges.
Total assets.

Liabilities and Stockholders' Equity

LIABILITIES

Current Liabilities

50 Notes payable.
51 Payables to affiliated companies.
52 Accounts payable.
53 Salaries and wages payable.
54 Interest payable.
55 Dividends payable.
56 Taxes payable.
57 Long-term debt payable within 1 year.
58 Other current liabilities.
Total current liabilities.

Noncurrent Liabilities

60 Long-term debt payable after 1 year.
61 Unamortized premium on long-term debt.
63 Other noncurrent liabilities.
Total noncurrent liabilities.
Total liabilities.

Stockholders' Equity

70 Capital stock.
71 Premiums on capital stock.
72 Capital stock subscriptions.
73 Additional paid-in capital.
74 Appropriated retained income.
75 Unappropriated retained income.
Total stockholders' equity.
Total liabilities and stockholders' equity.

Form of Income and Unappropriated Retained Income Statement

INCOME STATEMENT

Carrier Operating Income

600 Operating revenues.
610 Operating expenses.
Net carrier operating income.

Other Income and Deductions

620 Income (net) from noncarrier property.
630 Interest and dividend income.
640 Miscellaneous income.
650 Interest expense.
660 Miscellaneous income charges.
Total other income and deductions.
Net income before Federal income taxes.
670 Federal income taxes.
Net income after Federal income taxes.

Unappropriated Retained Income

75 Unappropriated retained income (beginning of year).
700 Net balance transferred from income.
710 Extraordinary credits to retained income.
720 Extraordinary charges to retained income.
730 Federal income taxes assigned to retained income.
740 Appropriations of retained income.
750 Dividend appropriations of retained income.
75 Unappropriated retained income (end of year).

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